Dimensional

# DIMENSIONAL WEALTH MODELS

Systematic Investment Solutions Powered by Financial Science

Dimensional's Wealth Models embody four decades of expertise in applying the great ideas in finance to global portfolio construction. The models offer a research-driven, systematic framework for pursuing a wide range of investment goals.

### Systematic and transparent approach

The models are guided by one investment philosophy and a proven implementation process applied consistently across all Dimensional trusts.

### Powered by financial science

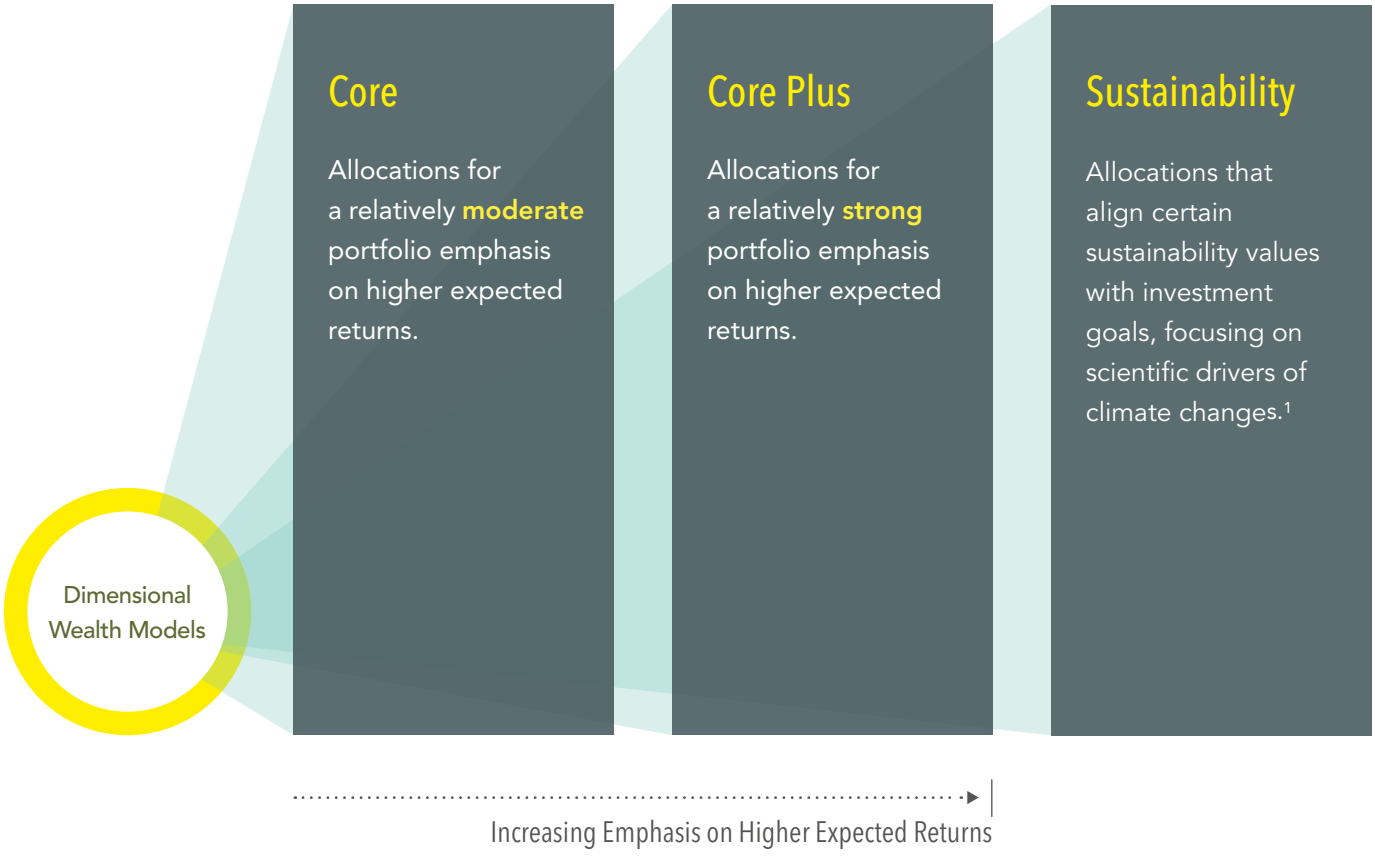
Dimensional is a pioneer in applying academic research to factor-based investing. The models integrate our most advanced thinking on financial theory, research and implementation.

### Targeting higher expected returns

The allocations use Dimensional trusts designed to go beyond indexing by pursuing higher expected returns in a diversified, cost-effective manner.

# Wealth Models designed to fit specific investment goals

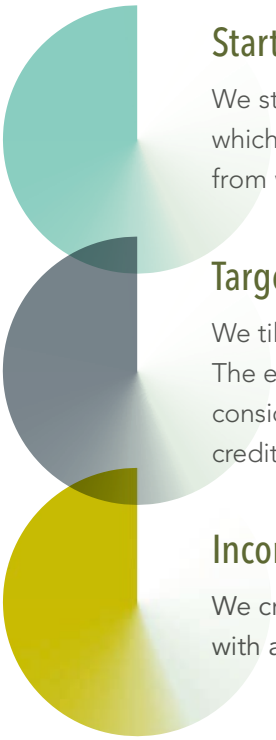
Dimensional Wealth Models are designed for total portfolio emphasis on research-backed drivers of higher expected returns across equity markets (size, value and profitability) and fixed interest markets (term, credit and currency).




1. Sustainability considerations may vary between trusts. Please consult each trust's PDS which can be found at *dimensional.com/funds*.

# Built upon a systematic approach to portfolio design

Dimensional Wealth Models are based on decades of academic research and our experience in portfolio design and practical implementation. Our approach to model construction involves these steps:



## Start with the market

We start with global equity and fixed interest markets, which represent a broad and diverse universe of securities from which to assemble a marketwide portfolio.

## Target higher expected returns

We tilt toward securities with higher expected returns. The equity allocations focus on size, value and profitability considerations. The fixed interest allocations look to term, credit and currency where applicable.

## Incorporate specific investment goals

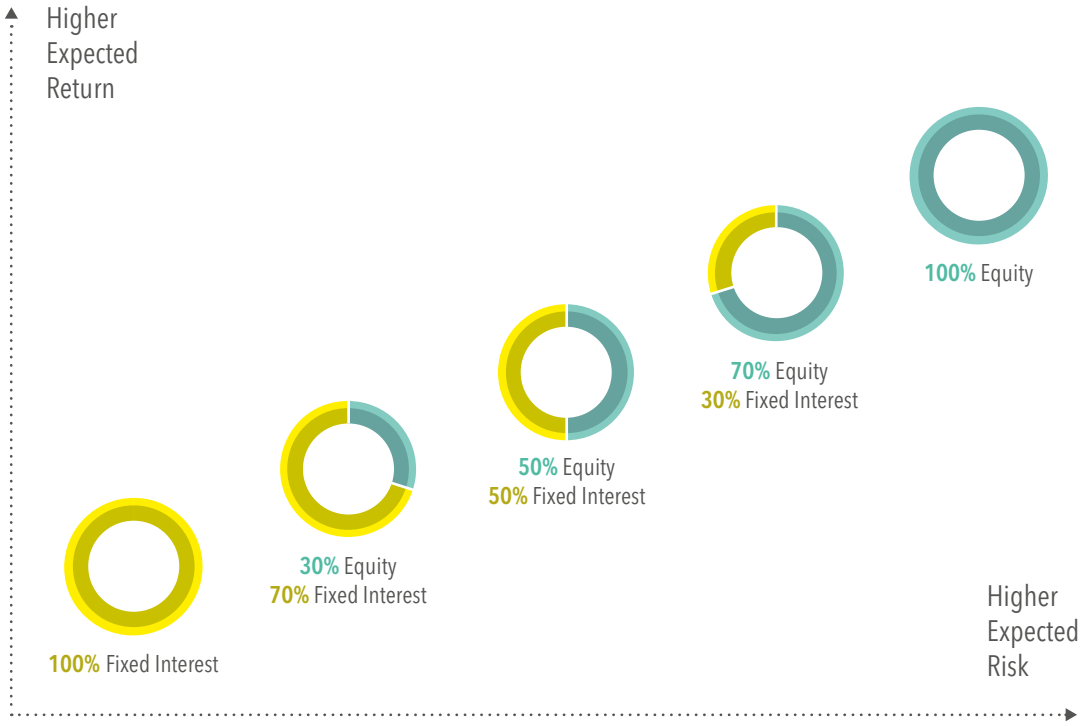
We create model sets that prioritise specific investment goals with allocations to core and sustainability-focused trusts.

All Dimensional trusts used in the models are broadly diversified and designed to pursue higher expected returns while managing risks and costs.

# Offering a broad range of asset allocations

Within each model set, investors can choose from five equity/fixed interest allocations designed to address their specific investment goals and risk preferences. The higher equity allocations are intended for investors focusing on growth of wealth; the higher fixed interest allocations emphasise volatility reduction.

**Portfolio allocations range from 100% fixed interest to 100% equity.**




For illustrative purposes only. The risk and expected return shown in this illustration are not reliable indicators of the trusts' actual or future risk profiles. There is no guarantee strategies will be successful.

# Harnessing the strength of Dimensional Investing

## Focused on investor goals

Each model set offers a thoughtful, research-based framework for pursuing long-term investment goals in a robust and transparent manner.

## One philosophy and approach

Dimensional has a deep belief in the power of markets and uses information embedded in market prices throughout its investment process. The models offer an efficient avenue to apply this belief system and investment approach.

## Informed by financial science

The models reflect basic principles of asset allocation theory and seek to add value through efficient implementation that combines the benefits of indexing (broad diversification and low cost) with those of systematic active investing (pursuit of higher expected returns, robust portfolio management and flexible trading). The underlying trusts reflect portfolio enhancements arising from our latest advancements in research and implementation.

## Offering a consistent, transparent framework

Some industry models may include multiple funds with an inconsistent mix of investment objectives, characteristics and expected outcomes. We believe that our Wealth Models can offer a higher degree of confidence to financial advisors and individual investors when making asset allocation decisions.

## Targeting higher expected returns

Across both equities and fixed interest, the model allocations emphasise reliable drivers of higher expected returns and integrate useful information about interactions among premiums. In contrast, many other models either may not target sources of higher expected returns or may target them separately.

## DIMENSIONAL AT A GLANCE[2]

| 43 | $1.3T | 1,500+ | One |
|---|---|---|---|
| YEARS SINCE FOUNDING | FIRMWIDE ASSETS UNDER MANAGEMENT | EMPLOYEES IN 15 GLOBAL OFFICES | INVESTMENT PHILOSOPHY |

**Dimensional has been applying the great ideas in financial science since 1981.** Our firm is driven by an evidence-based approach, Nobel Prize-winning insights, and decades of expertise capturing higher expected returns while maintaining low costs and diversification.

Dimensional's investment process is grounded in economic theory and backed by empirical data—we use information contained in prices to seek outperformance and manage risk. Our daily flexibility is another way we add value, buying and selling securities based on real-time information on what can improve returns. We believe this approach can lead to better outcomes for investors than active stock picking or passive indexing.

Our commitment to research, rigor, and the pursuit of truth has helped transform the industry toward more transparent, data-driven solutions. That commitment continues to propel Dimensional forward today.

Dimensional is headquartered in Austin, Texas, and has offices across North America, Europe and Asia Pacific. We offer a full suite of regional and global equity and fixed income solutions.

2. "Dimensional" refers to the Dimensional separate but affiliated entities generally, rather than to one particular entity. These entities are Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., DFA Australia Limited, Dimensional Fund Advisors Canada ULC, Dimensional Fund Advisors Pte. Ltd., Dimensional Ireland Limited, Dimensional Japan Ltd. and Dimensional Hong Kong Limited. Dimensional Hong Kong Limited is licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) regulated activities only and does not provide asset management services. Firmwide assets under management in AUD (trillions), number of employees and offices as at 31 December 2024.

*Interested in learning more?*

Contact your financial advisor to learn more about Dimensional Investing and using a Dimensional Wealth Model to pursue your long-term investment goals.

**Glossary**

**Factor-Based Investing:** Investment strategies constructed by sorting companies on quantitative variables to identify securities with higher expected returns.

**Size premium** or **small cap premium:** The return difference between small capitalisation stocks and large capitalisation stocks.

**Value premium:** The return difference between stocks with low relative prices (value) and stocks with high relative prices (growth).

**Profitability premium:** The return difference between stocks of companies with high profitability and those with low profitability.

**Term premium:** The return difference between bonds with different maturities but similar credit quality.

**Credit premium:** The return difference between bonds of similar maturity but different credit quality.

**Currency of issuance:** The currency in which an asset is issued, such as a USD- vs. AUD-denominated bond.

**Profitability:** Profitability is defined as operating income before depreciation and amortisation minus interest expense divided by book equity.

**There is no guarantee an investment strategy will be successful. Diversification neither assures a profit nor guarantees against loss in a declining market.**

**Risks** include loss of principal and fluctuating value. Investment value will fluctuate, and shares, when redeemed, may be worth more or less than original cost.

**International and emerging markets** investing involves special risks, such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks.

**Fixed interest securities** are subject to increased loss of principal during periods of rising interest rates. Fixed interest investments are subject to various other risks, including changes in credit quality, liquidity, prepayments, call risk, and other factors. Municipal securities are subject to the risks of adverse economic and regulatory changes in their issuing states.

**Sustainability trusts** use environmental and social screens that may limit investment opportunities for the funds.

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